

**Appendix J: Cost Neutrality Demonstration****J-1: Composite Overview and Demonstration of Cost-Neutrality Formula**

**Composite Overview.** Complete the fields in Cols. 3, 5 and 6 in the following table for each waiver year. The fields in Cols. 4, 7 and 8 are auto-calculated based on entries in Cols 3, 5, and 6. The fields in Col. 2 are auto-calculated using the Factor D data from the J-2-d Estimate of Factor D tables. Col. 2 fields will be populated ONLY when the Estimate of Factor D tables in J-2-d have been completed.

**Level(s) of Care:** Hospital, Nursing Facility

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
Year	Factor D	Factor D'	Total: D+D'	Factor G	Factor G'	Total: G+G'	Difference (Col 7 less Column4)
1	9419.84	16242.39	25662.23	28921.10	10859.34	39780.44	14118.21
2	9025.60	25539.78	34565.38	29499.52	11076.53	40576.05	6010.67
3	9298.25	26305.97	35604.22	30089.51	11298.06	41387.57	5783.35
4	9584.27	27095.15	36679.42	30691.30	11524.02	42215.32	5535.90
5	9867.11	27908.01	37775.12	31305.13	11754.50	43059.63	5284.51

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- a. **Number Of Unduplicated Participants Served.** Enter the total number of unduplicated participants from Item B-3-a who will be served each year that the waiver is in operation. When the waiver serves individuals under more than one level of care, specify the number of unduplicated participants for each level of care:

**Table: J-2-a: Unduplicated Participants**

Waiver Year	Total Unduplicated Number of Participants (from Item B-3-a)	Distribution of Unduplicated Participants by Level of Care (if applicable)	
		Level of Care:	Level of Care:
		Hospital	Nursing Facility
Year 1	36	1	35
Year 2	37	1	36
Year 3	38	1	37
Year 4	39	1	38
Year 5	40	1	39

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- b. **Average Length of Stay.** Describe the basis of the estimate of the average length of stay on the waiver by participants in item J-2-a.

Based on the most recent 372 report approved and accepted by CMS regional office.

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- c. **Derivation of Estimates for Each Factor.** Provide a narrative description for the derivation of the estimates of the following factors.

- i. **Factor D Derivation.** The estimates of Factor D for each waiver year are located in Item J-2-d. The basis for these estimates is as follows:

Prior to 04/2016: Based on data out of the MMIS with a 2% increase in costs through 2020 and a 2% increase is assumed during the renewal periods. Enrollment is projected to be flat. The switch to a 2% increase was based on the COLA estimated for December 2015.

After 04/2016 - Values were derived from actuarially sound capitation rates for HCBS services. The increase in the number of unduplicated recipients represents the anticipated additional lives diverted or transitioned from the institutional setting to an HCBS setting due to the IHQHI managed care program. The number of lives influences the Factor D and/or Factor D' by providing more weight to the capitation payment amounts, given there are a few fixed number of lives that are staying fee-for-service.

With the waiver amendment, Factor D is projected to decrease from Waiver Year 1 to Waiver Year 2. The decrease is due to the transition from a fee-for-service program to a managed care capitation rate program. Factor D is projected to increase from Waiver Year 2 through Waiver Year 5. The increase in the population under the waiver amendment reflects the transition of individuals from an institutional setting to an HCBS waiver community setting.

- ii. **Factor D' Derivation.** The estimates of Factor D' for each waiver year are included in Item J-1. The basis of these estimates is as follows:

Prior to 04/2016: Based on 372 reports with a 2% increase in costs through 2020. The switch to a 2% increase was based on the COLA estimated for December 2015. If a Medicaid member is coded as a dual eligible, pharmacy claims are automatically denied for those drugs not included on the Medicare exclusion list. Therefore, if a prescription is payable by Medicare the claim is denied and not included in the costs for D'.

After 04/2016: Values were derived from actuarially sound capitation rates for State Plan services. The increase in the number of unduplicated recipients represents the anticipated additional lives diverted or transitioned from the institutional setting to an HCBS setting due to the IHQHI managed care program. The number of lives influences the Factor D and/or Factor D' by providing more weight to the capitation payment amounts, given there are a few fixed number of lives that are staying fee-for-service.

Factor D' reflects the managed care capitation rate for the AIDS waiver population, which has been blended with other populations due to limited number of lives in the AIDS waiver population, which created a credibility issue for establishing the capitation rate.

- iii. **Factor G Derivation.** The estimates of Factor G for each waiver year are included in Item J-1. The basis of these estimates is as follows:

Based on the latest MMIS data (2012) with a 2% increase in costs through 2020.

- iv. **Factor G' Derivation.** The estimates of Factor G' for each waiver year are included in Item J-1. The basis of these estimates is as follows:

Based on the latest MMIS data (2012) with a 2% increase in costs through 2020.

Factor D' represents recent experience used for the rate setting process, as well as managed care adjustment factors for the medical services. The change in the number of lives does not have any influence over the calculation of Factor G and/or Factor G'. These are established from historical data and have been maintained from the prior waiver amendment filings. Factor G' was carried forward without adjustment from the prior 1915(c) waiver filing. The percentage increase for Factor G' is derived from historical Iowa Medicaid cost trends.

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### J-2: Derivation of Estimates (4 of 9)

**Component management for waiver services.** If the service(s) below includes two or more discrete services that are reimbursed separately, or is a bundled service, each component of the service must be listed. Select “*manage components*” to add these components.



Waiver Services	
Adult Day Care	
Homemaker	
Respite	
Home Health Aide	
Nursing	
Financial Management Services	
Independent Support Broker	
Consumer Directed Attendant Care - Skilled	
Consumer-Directed Attendant Care - Unskilled	
Counseling	
Home Delivered Meals	
Individual Directed Goods and Services	
Self Directed Community Support and Employment	
Self Directed Personal Care	

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#### d. Estimate of Factor D.

ii. **Concurrent §1915(b)/§1915(c) Waivers, or other authorities utilizing capitated arrangements (i.e., 1915(a), 1932(a), Section 1937).** Complete the following table for each waiver year. Enter data into the Unit, # Users, Avg. Units Per User, and Avg. Cost/Unit fields for all the Waiver Service/Component items. If applicable, check the capitation box next to that service. Select Save and Calculate to automatically calculate and populate the Component Costs and Total Costs fields. All fields in this table must be completed in order to populate the Factor D fields in the J-1 Composite Overview table.

#### Waiver Year: Year 1

Waiver Service/ Component	Capitation	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Component Cost	Total Cost
<b>Adult Day Care Total:</b>							0.00
Adult Day Care - Half Day	<input type="checkbox"/>	Half Day	0	0.00	0.01	0.00	
Adult Day Care - Full Day	<input type="checkbox"/>	Day	0	0.00	0.01	0.00	
Adult Day Care - Extended Day	<input type="checkbox"/>	Day	0	0.00	0.01	0.00	
Adult Day Care - 15 Minutes	<input type="checkbox"/>	15 Minutes	0	0.00	0.01	0.00	
<b>Homemaker Total:</b>							2256.24
Homemaker - 15 minutes	<input type="checkbox"/>	15 Minutes	1	408.00	5.53	2256.24	
<b>Respite Total:</b>							0.00
Respite - HHA Group	<input type="checkbox"/>	15 Minutes	0	0.00	0.01	0.00	
Respite - RCF/ID	<input type="checkbox"/>	15 Minutes	0	0.00	0.01	0.00	
	<input type="checkbox"/>	15 Minutes	0	0.00	0.01	0.00	

Waiver Service/ Component	Capitation	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Component Cost	Total Cost
Respite - Home Care Agency & Non-Facility, Group							
Respite - Hospital or Nursing Facility/Skilled	<input type="checkbox"/>	15 Minutes	0	0.00	0.01	0.00	
Respite Resident Camp-Weeklong	<input type="checkbox"/>	15 Minutes	0	0.00	0.01	0.00	
Group Summer Day Camp - Group Recreational	<input type="checkbox"/>	15 Minutes	0	0.00	0.01	0.00	
Respite - HHA Specialized	<input type="checkbox"/>	15 Minutes	0	0.00	0.01	0.00	
Respite - Camp	<input type="checkbox"/>	15 Minutes	0	0.00	0.01	0.00	
Teen Day Camp - 13 to 21 Years Old	<input type="checkbox"/>	15 Minutes	0	0.00	0.01	0.00	
Respite - Home Care Agency & Non-Facility, Specialized	<input type="checkbox"/>	15 Minutes	0	0.00	0.01	0.00	
Respite - Child Care Center	<input type="checkbox"/>	15 Minutes	0	0.00	0.01	0.00	
Respite - Nursing Facility	<input type="checkbox"/>	15 Minutes	0	0.00	0.01	0.00	
Respite - HHA Basic Individual	<input type="checkbox"/>	15 Minutes	0	0.00	0.01	0.00	
Respite - ICF/ID	<input type="checkbox"/>	15 Minutes	0	0.00	0.01	0.00	
Group Specialized Summer Day Camp	<input type="checkbox"/>	15 Minutes	0	0.00	0.01	0.00	
Respite - Home Care Agency & Non-Facility, Basic Individual	<input type="checkbox"/>	15 Minutes	0	0.00	0.01	0.00	
<b>Home Health Aide Total:</b>							0.00
Home Health Aide	<input type="checkbox"/>	Visit	0	0.00	0.01	0.00	
<b>Nursing Total:</b>							0.00
Nursing Care in the Home/RN; Per Hour	<input type="checkbox"/>	Visit	0	0.00	0.01	0.00	
Nursing Care in the Home/LPN; Per Hour	<input type="checkbox"/>	Visit	0	0.00	0.01	0.00	
<b>Financial Management Services Total:</b>							0.00
Financial Management Services	<input type="checkbox"/>	Month	0	0.00	0.01	0.00	
<b>Independent Support Broker Total:</b>							0.00
Independent Support Broker	<input type="checkbox"/>	Hour	0	0.00	0.01	0.00	
<b>Consumer Directed Attendant Care - Skilled Total:</b>							220305.78
	<input type="checkbox"/>					217331.71	

Waiver Service/ Component	Capitation	Unit	# Users	Avg. Units Per User	Avg. Cost/ Unit	Component Cost	Total Cost
CDAC-Individual - 15 Minutes		15 Minutes	24	2902.40	3.12		
CDAC-Agency - 15 Minutes	<input type="checkbox"/>	15 Minutes	3	185.30	5.35	2974.06	
<b>Consumer-Directed Attendant Care - Unskilled Total:</b>							52223.22
CDAC-Individual - 15 Minutes	<input type="checkbox"/>	15 Minutes	3	1859.00	5.46	30450.42	
CDAC-Agency - 15 Minutes	<input type="checkbox"/>	15 Minutes					